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ANNUAL REPORT

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IDAHO PUBLIC
UTILITIES COMMISSION

OF

NAME

MIKE GASSER & DAVID JONES
POTLATCH TELEPHONE CO
%TDS TELECOM
ACCOUNTING DEPT
204 N INDIANA ST
ROACHDALE, IN 46172

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED 2011

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR YEAR ENDED DECEMBER 31, 2011**

COMPANY INFORMATION

Exact name of utility: Potlatch Telephone Company
 Address of principal office: 702 E Main Street, Kendrick, ID 83537
 Telephone Number: (208) 289-8800 Randal Brunes - Manager Field Services
 Cities or towns served: Kendrick Julietta Troy

Name and title of officer having custody of the general corporate books of account:
John Erpenbach, Assistant Treasurer (608) 664-4289

Address of office where corporate books are kept and phone number:
525 JUNCTION ROAD, SUITE 7000, MADISON, WI 53717

Organized under the laws of the State of: Idaho
 Date of organization: May 6, 1988

Form of organization (proprietorship, association, corporation): Corporation

If a Subchapter S Corporation, please specify: _____

Name and address of controlling company, if any: TDS Telecommunications Corporation
525 JUNCTION ROAD, SUITE 7000, MADISON, WI 53717

Names of affiliated companies. Give address and description of business: See attached Page 1a - Page 1b

OFFICERS

Report below the title, name and office address of each general officer of the utility at the end of the year. If there were any changes during the year, show the name, title, and address of the previous officer and the date of change.

Title	Name	Address
President:	David A. Wittwer	525 JUNCTION ROAD, MADISON, WI 53717
Vice President:	James W. Butman	525 JUNCTION ROAD, MADISON, WI 53717
Vice President:	Michael Gasser	525 JUNCTION ROAD, MADISON, WI 53717
Vice President:	William J. Megan	525 JUNCTION ROAD, MADISON, WI 53717
Secretary:	David P. Jones	525 JUNCTION ROAD, MADISON, WI 53717
Assistant Treasurer:	John R. Erpenbach	525 JUNCTION ROAD, MADISON, WI 53717
Assistant Secretary:	Irmgard F. Metz	525 JUNCTION ROAD, MADISON, WI 53717

AFFILIATE COMPANIES

Company	City	State	Zip Code	Description of Business
Telephone & Data Systems, Inc.	Chicago	IL	60602	Holding Company
TDS Telecommunications Corporation	Madison	WI	53705-0158	Holding Company
Amelia Telephone Corporation	Amelia	VA	23002-0076	Regulated Telecommunications Utility
Arcadia Telephone Company	Arcadia	OH	44804-0157	Regulated Telecommunications Utility
Arizona Telephone Company	Phoenix	AZ	85029-4814	Regulated Telecommunications Utility
Arvig Telephone Company	Pequot Lakes	MN	56472-0395	Regulated Telecommunications Utility
Asotin Telephone Company	Asotin	WA	99402-0399	Regulated Telecommunications Utility
Badger Telecom, LLC	Neillsville	WI	54456-1924	Regulated Telecommunications Utility
Barnardsville Telephone Company	Barnardsville	NC	28709-0006	Regulated Telecommunications Utility
Black Earth Telephone Company, LLC	Black Earth	WI	53515-0346	Regulated Telecommunications Utility
Blue Ridge Telephone Company	Blue Ridge	GA	30513-0607	Regulated Telecommunications Utility
Bonduel Telephone Company, LLC	Bonduel	WI	54107-0276	Regulated Telecommunications Utility
Bridge Water Telephone Company	Monticello	MN	55362-0298	Regulated Telecommunications Utility
Burlington, Brighton & Wheatland Telephone Company, LLC	New Munster	WI	53152-0801	Regulated Telecommunications Utility
Butler Telephone Company, Inc.	Butler	AL	36904-0398	Regulated Telecommunications Utility
Calhoun City Telephone Company, Inc.	Calhoun City	MS	38916-0578	Regulated Telecommunications Utility
Camden Telephone and Telegraph Company, Inc.	Saint Marys	GA	31558-6300	Regulated Telecommunications Utility
Camden Telephone Company, Inc.	Camden	IN	46917-0066	Regulated Telecommunications Utility
Central State Telephone Company, LLC	Vesper	WI	54489-0125	Regulated Telecommunications Utility
Chatham Telephone Company	Chatham	MI	49816-0197	Regulated Telecommunications Utility
Cleveland County Telephone Company, Inc.	Rison	AR	71665-0366	Regulated Telecommunications Utility
Cobbosseecontee Telephone Company	North Anson	ME	04958-0129	Regulated Telecommunications Utility
Communication Corporation of Michigan	Augusta	MI	49012-0246	Regulated Telecommunications Utility
Communications Corporation of Indiana	Roachdale	IN	46172-0248	Regulated Telecommunications Utility
Communications Corporation of Southern Indiana	Poseyville	IN	47633-0309	Regulated Telecommunications Utility
Concord Telephone Exchange, Inc.	Knoxville	TN	37922-0610	Regulated Telecommunications Utility
Continental Telephone Company	Continental	OH	45831-0367	Regulated Telecommunications Utility
Decatur Telephone Company, Inc.	Decatur	AR	72722-0098	Regulated Telecommunications Utility
Delta County Tele-Comm, Inc.	Paonia	CO	81428-0730	Regulated Telecommunications Utility
Deposit Telephone Company, Inc.	Deposit	NY	13754-0087	Regulated Telecommunications Utility
Dickeyville Telephone, LLC	Dickeyville	WI	53808	Regulated Telecommunications Utility
EastCoast Telecom, LLC	Cleveland	WI	53015-0248	Regulated Telecommunications Utility
Edwards Telephone Company, Inc.	Edwards	NY	13635-0036	Regulated Telecommunications Utility
Grantland Telecom, LLC	Fennimore	WI	53809-0020	Regulated Telecommunications Utility
Hampden Telephone Company	Hampden	ME	04444-0250	Regulated Telecommunications Utility
Happy Valley Telephone Company	Anderson	CA	96007-8262	Regulated Telecommunications Utility
Hartland and St. Albans Telephone Company	Hartland	ME	04943-0405	Regulated Telecommunications Utility
Hollis Telephone Company, Inc.	Wilton	NH	03086	Regulated Telecommunications Utility
Home Telephone Company	Condon	OR	97823-0486	Regulated Telecommunications Utility
Home Telephone Company, Inc.	Waldron	IN	46182-0068	Regulated Telecommunications Utility
Hornitos Telephone Company	Anderson	CA	96007-8262	Regulated Telecommunications Utility
Humphreys County Telephone Company	Bruceston	TN	38317-0155	Regulated Telecommunications Utility
Island Telephone Company	Beaver Island	MI	49782	Regulated Telecommunications Utility
Kearsarge Telephone Company	New London	NH	03257-4551	Regulated Telecommunications Utility
Leslie County Telephone Company	Hyden	KY	41749-0969	Regulated Telecommunications Utility
Lewis River Telephone Company, Inc.	La Center	WA	98629-0218	Regulated Telecommunications Utility
Lewisport Telephone Company	Lewisport	KY	42351-0439	Regulated Telecommunications Utility
Little Miami Communications Corporation	Fayetteville	OH	45118-0300	Regulated Telecommunications Utility
Ludlow Telephone Company	Ludlow	VT	05149	Regulated Telecommunications Utility
Mahanoy & Mahantango Telephone Company	Herdon	PA	17830-0336	Regulated Telecommunications Utility
McClellanville Telephone Company, Inc.	McClellanville	SC	29458-9723	Regulated Telecommunications Utility
McDaniel Telephone Company	Salkum	WA	98582-0030	Regulated Telecommunications Utility
Merrimack County Telephone Company	Contoocook	NH	03229-0337	Regulated Telecommunications Utility
Mid-America Telephone, Inc.	Stonewall	OK	74871	Regulated Telecommunications Utility
Mid-Plains Telephone, LLC	Middleton	WI	53562	Regulated Telecommunications Utility
Mid-State Telephone Company	New London	MN	56273-0609	Regulated Telecommunications Utility
Midway Telephone Company, LLC	Medford	WI	54451-0240	Regulated Telecommunications Utility
Mosinee Telephone Company, LLC	Mosinee	WI	54455-1199	Regulated Telecommunications Utility
Mt. Vernon Telephone Company, LLC	Verona	WI	53593-0095	Regulated Telecommunications Utility
Myrtle Telephone Company, Inc.	Myrtle	MS	38650	Regulated Telecommunications Utility
Nelson-Ball Ground Telephone Company	Nelson	GA	30151-0129	Regulated Telecommunications Utility
New Castle Telephone Company	New Castle	VA	24127-0728	Regulated Telecommunications Utility
New London Telephone Company	New London	MO	63459-0369	Regulated Telecommunications Utility
Northfield Telephone Company	Northfield	VT	05663-0030	Regulated Telecommunications Utility
Norway Telephone Company, Inc.	North	SC	29112-0160	Regulated Telecommunications Utility
Oakman Telephone Company, Inc.	Oakman	AL	35579-0305	Regulated Telecommunications Utility
Oakwood Telephone Company	Oakwood	OH	45873-0278	Regulated Telecommunications Utility
Oklahoma Communication Systems, Inc.	Choctaw	OK	73020-0220	Regulated Telecommunications Utility
OneNeck IT Services Corporation	Scottsdale	AZ	85250	Data Center Services & Managed Hosting Provider
Orchard Farm Telephone Company	Saint Charles	MO	63301-6431	Regulated Telecommunications Utility
Oriskany Falls Telephone Corporation	Vernon	NY	13476-0900	Regulated Telecommunications Utility
Peoples Telephone Company, Inc.	Centre	AL	35960	Regulated Telecommunications Utility
Perkinsville Telephone Company, Inc.	Ludlow	VT	05149	Regulated Telecommunications Utility

AFFILIATE COMPANIES

Company	City	State	Zip Code	Description of Business
Port Byron Telephone Company	Port Byron	NY	13140	Regulated Telecommunications Utility
Quincy Telephone Company	Quincy	FL	32351-0189	Regulated Telecommunications Utility
Riverside Telecom, LLC	Johnson Creek	WI	53038-0280	Regulated Telecommunications Utility
S & W Telephone Company, Inc.	Sandborn	IN	47578-0038	Regulated Telecommunications Utility
Salem Telephone Company	Salem	KY	42078-0025	Regulated Telecommunications Utility
Saluda Mountain Telephone Company	Barnardsville	NC	28709-0006	Regulated Telecommunications Utility
Scandinavia Telephone Company, LLC	Iola	WI	54945-0317	Regulated Telecommunications Utility
Service Telephone Company	Fair Bluff	NC	28439-0307	Regulated Telecommunications Utility
Shiawassee Telephone Company	Perry	MI	48872-0167	Regulated Telecommunications Utility
Somerset Telephone Company	Leakesville	MS	39451-0429	Regulated Telecommunications Utility
Southeast Mississippi Telephone Company, Inc.	Leakesville	MS	39451-0429	Regulated Telecommunications Utility
Southeast Telephone Company of Wisconsin, LLC	Waterford	WI	53185	Regulated Telecommunications Utility
Southwestern Telephone Company	Quartzsite	AZ	85359	Regulated Telecommunications Utility
St. Stephen Telephone Company	Saint Stephen	SC	29479-0128	Regulated Telecommunications Utility
Stockbridge & Sherwood Telephone Company, LLC	Sherwood	WI	54169-0159	Regulated Telecommunications Utility
Strasburg Telephone Company	Strasburg	CO	80136-0535	Regulated Telecommunications Utility
Sugar Valley Telephone Company	Loganton	PA	17747-0037	Regulated Telecommunications Utility
TDS Hosted & Managed Services LLC	Madison	WI	53717	Holding Company
TDS Long Distance Corporation	Madison	WI	53717	Competitive Toll Provider
TDS Telecom Service Corporation	Madison	WI	53717	Telecommunications Management Services
TEAM Technologies, LLC	Cedar Falls	IA	50613	Data Center Services & Managed Hosting Provider
Tellico Telephone Company, Inc.	Tellico Plains	TN	37385-0009	Regulated Telecommunications Utility
Tennessee Telephone Company	Knoxville	TN	37938-0387	Regulated Telecommunications Utility
Tenney Telephone Company, LLC	Alma	WI	54610-0519	Regulated Telecommunications Utility
The Farmers Telephone Company, LLC	Lancaster	WI	53813	Regulated Telecommunications Utility
The Home Telephone Company of Pittsboro, Inc.	Pittsboro	IN	46167-0189	Regulated Telecommunications Utility
The Island Telephone Company	Warren	ME	04864-4263	Regulated Telecommunications Utility
The Merchants & Farmers Telephone Company	Hillsboro	IN	47949-0155	Regulated Telecommunications Utility
The State Long Distance Telephone Company, LLC	Elkhorn	WI	53121-0230	Regulated Telecommunications Utility
The Stoutland Telephone Company	Stoutland	MO	65567-0097	Regulated Telecommunications Utility
The Vanlue Telephone Company	Vanlue	OH	45890-0247	Regulated Telecommunications Utility
The West Penobscot Telephone & Telegraph Company	Corinna	ME	04928-0468	Regulated Telecommunications Utility
Tipton Telephone Company, Inc.	Tipton	IN	46072-1750	Regulated Telecommunications Utility
Township Telephone Company, Inc.	Chaumont	NY	13622	Regulated Telecommunications Utility
Tri-County Telephone Company, Inc.	New Richmond	IN	47967	Regulated Telecommunications Utility
Union Telephone Company	Farmington	NH	03835	Regulated Telecommunications Utility
UTELCO, LLC	Monroe	WI	53566	Regulated Telecommunications Utility
Vernon Telephone Company, Inc.	Vernon	NY	13476-0900	Regulated Telecommunications Utility
Virginia Telephone Company	Hot Springs	VA	24445-0799	Regulated Telecommunications Utility
VISI, Incorporated	St Paul	MN	55101	Data Center Services & Managed Hosting Provider
Warren Telephone Company	Warren	ME	04864-4263	Regulated Telecommunications Utility
Waunakee Telephone Company, LLC	Waunakee	WI	53597-1423	Regulated Telecommunications Utility
West Point Telephone Company, Incorporated	Roachdale	IN	46172	Regulated Telecommunications Utility
Williston Telephone Company	North	SC	29112-0160	Regulated Telecommunications Utility
Wilton Telephone Company, Inc.	Wilton	NH	03086	Regulated Telecommunications Utility
Winsted Telephone Company	Winsted	MN	55395-0758	Regulated Telecommunications Utility
Winterhaven Telephone Company	Winterhaven	CA	92283	Regulated Telecommunications Utility
Wolverine Telephone Company	Millington	MI	48746-0292	Regulated Telecommunications Utility
Wyandotte Telephone Company	Inola	OK	74036-0849	Regulated Telecommunications Utility

DIRECTORS

List the name of each person who was a member of the Board of Directors at any given time during the year: (Fees related to meetings only.)

Name and Address	Term Expired or Current Term Will Expire	Meetings Attended This year	Fees Paid During Year
James W. Butman	Open	1	\$0.00
Kevin G. Hess	Open	1	\$0.00
William J. Megan	Open	1	\$0.00
David A. Wittwer	Open	1	\$0.00
Michael A. Pandow	Open	1	\$0.00

Name of Chairman of the Board: _____
 Name of Secretary (or Clerk) of Board: Secretary: David P. Jones
 Number of Meetings of the Board during the year: 1

MANAGERS

List the name of each person who performed management duties for the Company during the year, and the total wages and bonuses paid to those persons: (Do not include Director fees in these amounts.)

Name	Title	Wages and Bonuses Paid
Randal Brunes	Manager- Field Services	

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

BALANCE SHEET
Assets and Other Debits

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
Current Assets			
1120 Cash and Equivalents	-	-	-
1130 Cash	(4,827)	536,376	541,203
1140 Special Cash Deposits	-	-	-
1150 Working Cash Advances	-	-	-
1160 Temporary Investments	3,188,717	2,995,777	(192,940)
1180 Telecommunications Accts. Receivable	168,897	163,035	(5,862)
1181 Accts. Rec. Allow. - Telecommunications	(1,449)	(4,473)	(3,024)
1190 Other Accounts Receivable	199,272	280,677	81,405
1191 Accounts Receivable Allow. - Other	(174)	(3,269)	(3,095)
1200 Notes Receivable	-	-	-
1201 Notes Receivable Allowance	-	-	-
1210 Interest & Dividends Receivable	2,772	1,832	(940)
1220 Material and Supplies	9,790	8,705	(1,085)
1280 Prepayments	-	-	-
1290 Prepaid Rents	-	-	-
1300 Prepaid Taxes	-	-	-
1310 Prepaid Insurance	-	-	-
1320 Prepaid Directory Expenses	-	-	-
1330 Other Prepayments	3,400	3,400	-
1350 Other Current Assets	-	-	-
Noncurrent Assets			
1401 Investment in Affiliated Companies	-	-	-
1402 Investment in Nonaffiliated Companies	-	-	-
1406 Nonregulated Investments	180	-	(180)
4-26 Unamortized Debt Issuance Expense	-	-	-
1408 Sinking Funds	-	-	-
1410 Other Noncurrent Assets	-	-	-
1438 Deferred Maintenance & Retirements	-	-	-
1439 Deferred Charges	-	-	-
1500 Other Jurisdiction Assets - Net	-	-	-
Property, Plant and Equipment			
2001 Telecommunications Plants in Service	8,073,457	8,108,595	35,138
2002 Prop. Held for Future Telecom. Use	-	-	-
2003 Telecom. Plant under Constr. - Short Term	16,362	35,673	19,311
2004 Telecom. Plant under Constr. - Long Term	-	-	-
2005 Telecom. Plant Adjustment	-	-	-
2006 Nonoperating Plant	-	-	-
2007 Goodwill	-	-	-
Depreciation and Amortization Accounts			
3100 Accumulated Depreciated	(6,608,093)	(6,823,853)	(215,760)
3200 Accum. Depre. - Held for Future Use	-	-	-
3300 Accumulated Depreciation - Nonoperating	-	-	-
3400 Accumulated Amortization - Tangible	-	-	-
3410 Accum. Amort. - Capitalized Leases	-	-	-
3420 Accum. Amort. - Leasehold Improvements	-	-	-
3500 Accumulated Amortization - Intangible	-	-	-
3600 Accumulated Amortization - Other	-	-	-
TOTAL ASSETS	5,048,304	5,302,475	254,171

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

BALANCE SHEET
Liabilities & Stockholders' Equity

Title of Account	Balance Beginning of Year	Balance at End of Year	Increase or (Decrease)
Current Liabilities			
4010 Accounts Payable	242,099	243,654	1,555
4020 Notes Payable	0	0	0
4030 Advance Billings and Payments	88,999	89,528	529
4040 Customer Deposits	0	0	0
4050 Current Maturities - Long -Term Debt	0	0	0
4060 Current Maturities - Capital leases	0	0	0
4070 Income Taxes - Accrued	29,265	65,303	36,038
4080 Other Taxes - Accrued	27,663	3,338	(24,325)
4100 Net Current Defer. Oper. Income Taxes	(154)	(2,057)	(1,903)
4110 Net Current Defer. Nonoper. Income Taxes	(530)	(1,144)	(614)
4120 Other Accrued Liabilities	14,086	14,017	(69)
4130 Other Current Liabilities	2,773	3,052	279
Long-Term Debt			
4210 Funded Debt	0	0	0
4220 Premium on Long-Term Debt	0	0	0
4230 Discount on Long-Term Debt	0	0	0
4240 Reacquired Debt	0	0	0
4250 Obligations Under Capital Leases	0	0	0
4260 Advances from Affiliated Companies	0	0	0
4270 Other Long-Term Debt	0	0	0
Other Liabilities & Deferred Credits			
4310 Other Long-Term Liabilities	(90,443)	(83,080)	7,363
4320 Unamort. Oper. Invest. Tax Credits - Net	0	0	0
4330 Unamort. Nonoper. Invest. Tax Credits - Net	0	0	0
4340 Net Noncurrent Defer. Oper. Income Taxes	246,097	226,398	(19,699)
4350 Net Noncur. Defer. Nonoper. Income Taxes	0	0	0
4360 Other Deferred Credits	7,992	8,006	14
4370 Other Juris. Liab. & Def. Credits - Net	0	0	0
Stockholders' Equity			
4510 Capital Stock	1,000	1,000	0
4520 Additional Paid-In Capital	2,523,519	2,523,519	0
4530 Treasury Stock	0	0	0
4540 Other Capital	57,163	51,957	(5,206)
4550 Retained Earnings	1,610,138	1,898,775	288,637
5000000 - 7999999 Net Income (Loss)	288,637	260,209	(28,428)
TOTAL LIAB. & OTHER CREDITS	5,048,304	5,302,475	254,171

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE
TOTAL Company Basis

	Balance Beginning of Year	Additions During year	Plant Retired or Sold	Transfers and Adjustments	Balance End of Year
Analysis of Telecommunications Plant in Service					
2111 Land	16,811	0	0	0	16,811
2112 Motor Vehicles	71,501	33,041	0	0	104,542
2113 Aircraft	0	0	0	0	0
2114 Special Purpose Vehicles	0	0	0	0	0
2115 Garage Work Equipment	0	0	0	0	0
2116 Other Work Equipment	74,008	3,148	(7,228)	0	69,928
2121 Buildings	376,233	4,381	(20,935)	0	359,679
2122 Furniture	22,929	0	(8,653)	0	14,276
2123 Office Equipment	3,180	0	0	0	3,180
2124 General Purpose Computers	28,253	1,658	(1,584)	0	28,327
2211 Analog Electronic Switching	0	0	0	0	0
2212 Digital Electronic Switching	1,336,315	0	(13,477)	0	1,322,838
2215 Electro-Mechanical Switching	0	0	0	0	0
2220 Operator Systems	0	0	0	0	0
2231 Radio Systems	0	0	0	0	0
2232 Circuit Equipment	1,424,657	47,691	(21,470)	0	1,450,878
2311 Station Apparatus	0	0	0	0	0
2321 Customer Premises Wiring	0	0	0	0	0
2341 Large Private Branch Exchanges	0	0	0	0	0
2351 Public Telephone Terminal Equipme	0	0	0	0	0
2362 Other Terminal Equipment	0	0	0	0	0
2411 Poles	49,199	5,472	(1,817)	0	52,854
2421 Aerial Cable	240,155	13,283	(1,473)	0	251,965
2422 Underground Cable	17,661	741	0	0	18,402
2423 Buried Cable	4,292,075	15,737	(4,601)	0	4,303,211
2424 Submarine Cable	0	0	0	0	0
2426 Intrabuilding Network Cable	0	0	0	0	0
2431 Aerial Wire	0	0	0	0	0
2441 Conduit Systems	82,675	70	0	0	82,745
TOTAL TEL PLT IN SERVICE	8,035,652	125,222	(81,238)	0	8,079,636
2003 Plant Under Construction	16,362	19,311	0	0	35,673
2681 Capital Leases	0	0	0	0	0
2682 Leasehold Improvements	0	0	0	0	0
2690 Intangibles	37,805	11,244	(20,090)	0	28,959
TOTAL REG	8,089,819	155,777	(101,328)	0	8,144,268

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS
IDAHO Operations Only

	Balance Beginning of Year	Additions During Year	Plant Retired or Sold	Transfers and Adjustments	Balance End of Year
Analysis of Telecommunications Plant in Service					
2111 Land	16,811	0	0	0	16,811
2112 Motor Vehicles	71,501	33,041	0	0	104,542
2113 Aircraft	0	0	0	0	0
2114 Special Purpose Vehicles	0	0	0	0	0
2115 Garage Work Equipment	0	0	0	0	0
2116 Other Work Equipment	74,008	3,148	(7,228)	0	69,928
2121 Buildings	376,233	4,381	(20,935)	0	359,679
2122 Furniture	22,929	0	(8,653)	0	14,276
2123 Office Equipment	3,180	0	0	0	3,180
2124 General Purpose Computers	28,253	1,658	(1,584)	0	28,327
2211 Analog Electronic Switching	0	0	0	0	0
2212 Digital Electronic Switching	1,336,315	0	(13,477)	0	1,322,838
2215 Electro-Mechanical Switching	0	0	0	0	0
2220 Operator Systems	0	0	0	0	0
2231 Radio Systems	0	0	0	0	0
2232 Circuit Equipment	1,424,657	47,691	(21,470)	0	1,450,878
2311 Station Apparatus	0	0	0	0	0
2321 Customer Premises Wiring	0	0	0	0	0
2341 Large Private Branch Exchanges	0	0	0	0	0
2351 Public Telephone Terminal Equipme	0	0	0	0	0
2362 Other Terminal Equipment	0	0	0	0	0
2411 Poles	49,199	5,472	(1,817)	0	52,854
2421 Aerial Cable	240,155	13,283	(1,473)	0	251,965
2422 Underground Cable	17,661	741	0	0	18,402
2423 Buried Cable	4,292,075	15,737	(4,601)	0	4,303,211
2424 Submarine Cable	0	0	0	0	0
2426 Intrabuilding Network Cable	0	0	0	0	0
2431 Aerial Wire	0	0	0	0	0
2441 Conduit Systems	82,675	70	0	0	82,745
TOTAL TEL PLT IN SERVICE	8,035,652	125,222	(81,238)	0	8,079,636
2003 Plant Under Construction	16,362	19,311	0	0	35,673
2681 Capital Leases	0	0	0	0	0
2682 Leasehold Improvements	0	0	0	0	0
2690 Intangibles	37,805	11,244	(20,090)	0	28,959
TOTAL REG	8,089,819	155,777	(101,328)	0	8,144,268

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

Account 3100

TOTAL Company Basis

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
Analysis of Entries in Accumulated Depreciation					
2112 Motor Vehicles	71,501	12.40%	0	0	71,501
2113 Aircraft	-	-	0	0	0
2114 Special Purpose Vehicles	-	-	0	0	0
2115 Garage Work Equipment	-	-	0	0	0
2116 Other Work Equipment	64,239	7.50%	5,406	(7,228)	62,417
2121 Buildings	194,440	3.00%	10,912	(47,024)	158,328
2122 Furniture	15,140	3.80%	597	(8,653)	7,084
2123 Office Equipment	796	3.80%	120	0	916
2124 General Purpose Computers	28,253	14.30%	1,658	(1,584)	28,327
2211 Analog Electronic Switching	-	-	0	0	0
2212 Digital Electronic Switching	1,122,004	5.80%	56,636	(13,477)	1,165,163
2215 Electro-Mechanical Switching	-	-	0	0	0
2220 Operator Systems	-	-	0	0	0
2231 Radio Systems	-	-	0	0	0
2232 Circuit Equipment	737,797	6.75%	113,836	(21,469)	830,164
2311 Station Apparatus	-	-	0	0	0
2321 Customer Premises Wiring	-	-	0	0	0
2341 Large Private Branch Exchanges	-	-	0	0	0
2351 Public Telephone Terminal Equipment	-	-	0	0	0
2362 Other Terminal Equipment	-	-	0	0	0
2411 Poles	49,199	5.18%	1,963	(2,688)	48,474
2421 Aerial Cable	169,091	5.00%	12,200	(1,499)	179,792
2422 Underground Cable	16,599	5.50%	471	0	17,070
2423 Buried Cable	4,088,740	5.50%	116,928	(4,653)	4,201,015
2424 Submarine Cable	-	-	0	0	0
2426 Intrabuilding Network Cable	-	-	0	0	0
2431 Aerial Wire	-	5.00%	0	0	0
2441 Conduit Systems	50,294	4.00%	3,308	0	53,602
TOTAL DEP RES TEL PLT	6,608,093		324,035	(108,275)	6,823,853

*Please list individual depreciation rate for each account.

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION

Account 3100

IDAHO Operations Only

	Balance Beginning of Year	Depreciation Rate*	Credits During Year	Retirements and Adjustments	Balance End of Year
Analysis of Entries in Accumulated Depreciation					
2112 Motor Vehicles	71,501	12.40%	-	-	71,501
2113 Aircraft	-	-	-	-	-
2114 Special Purpose Vehicles	-	-	-	-	-
2115 Garage Work Equipment	-	-	-	-	-
2116 Other Work Equipment	64,239	7.50%	5,406	(7,228)	62,417
2121 Buildings	194,440	3.00%	10,912	(47,024)	158,328
2122 Furniture	15,140	3.80%	597	(8,653)	7,084
2123 Office Equipment	796	3.80%	120	-	916
2124 General Purpose Computers	28,253	14.30%	1,658	(1,584)	28,327
2211 Analog Electronic Switching	-	-	-	-	-
2212 Digital Electronic Switching	1,122,004	5.80%	56,636	(13,477)	1,165,163
2215 Electro-Mechanical Switching	-	-	-	-	-
2220 Operator Systems	-	-	-	-	-
2231 Radio Systems	-	-	-	-	-
2232 Circuit Equipment	737,797	6.75%	113,836	(21,469)	830,164
2311 Station Apparatus	-	-	-	-	-
2321 Customer Premises Wiring	-	-	-	-	-
2341 Large Private Branch Exchanges	-	-	-	-	-
2351 Public Telephone Terminal Equipment	-	-	-	-	-
2362 Other Terminal Equipment	-	-	-	-	-
2411 Poles	49,199	5.18%	1,963	(2,688)	48,474
2421 Aerial Cable	169,091	5.00%	12,200	(1,499)	179,792
2422 Underground Cable	16,599	5.50%	471	-	17,070
2423 Buried Cable	4,088,740	5.50%	116,928	(4,653)	4,201,015
2424 Submarine Cable	-	-	-	-	-
2426 Intra-building Network Cable	-	-	-	-	-
2431 Aerial Wire	-	5.00%	-	-	-
2441 Conduit Systems	50,294	4.00%	3,308	-	53,602
TOTAL	6,608,093		324,035	(108,275)	6,823,853

*Please list individual depreciation rate for each account.

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

INVESTMENTS

Report below the investments in Accounts 1401, 1402 and 1406. Identify each investment as to the account in which included. Minor amounts in Account 1406 may be grouped by classes.

<u>Description</u>	<u>Date Acquired</u>	<u>Book Cost of Investments Disposed of This year</u>	<u>Book Cost of Investments Held at End of Year</u>
1401 Investment in Affiliated Co.			-
1402 Investment in Nonaffiliated Co.			-
1406 Nonregulated Investments		180	-
Totals			0

RECEIVABLES

Itemize amounts show in Accounts 1180, 1190 and 1200. For notes receivable list each note separately and include the maturity date and interest rate. Minor amounts in Account 1210 may be combined.

<u>Accounts</u>	<u>Name of Company</u>	<u>Amount at End of Year</u>	
		<u>Notes Receivable</u>	<u>Accounts Receivable</u>
1180	Due from Customers		158,562
1190	Due from Affiliates		19,436
1190	Due from Connecting Companies		65,451
1190	Due from Federal & State Pools		63,213
1190	Other & Accruals		129,308
1190	Federal & State Taxes		0
1210	Interest		1,832
Totals			437,802

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
 FOR YEAR ENDED DECEMBER 31, 2011

NOTES PAYABLE

For Notes Payable, list each note separately and include the maturity date and interest rate.

<u>Name of Creditor</u>	<u>Date of Note</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Face Amount</u>
<u>NONE</u>				
Totals				

ACCOUNTS PAYABLE

Report below all Accounts Payable amounting to more than \$100.00

<u>Name of Creditor</u>	<u>Amount</u>
<u>Due to Affiliates</u>	<u>122,050</u>
<u>Due to Federal & State Pools</u>	<u>55,700</u>
<u>Due to Connecting Companies</u>	<u>3,812</u>
<u>Due to USAC</u>	<u>2,409</u>
<u>A/P - Trade</u>	<u>57,011</u>
<u>Other & Accruals</u>	<u>2,672</u>
	<u>243,654</u>

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

INCOME & RETAINED EARNINGS STATEMENT

Item	Total Company	Idaho Only
Total Operating Income (from page 15)	1,444,078	1,444,078
Total Operating Expenses (from page 17)	1,189,465	1,189,465
7100 Other Operating Income and Expense	(15,581)	(15,581)
7210 Operating Investment Tax Credits-Net	-	-
7220 Operating Federal Income Taxes	91,538	91,538
7230 Operating State and Local Income Taxes	28,045	28,045
7240 Operating Other Taxes	14,826	14,826
7250 Provision for Deferred Operating Income Taxes-Net	(17,169)	(17,169)
7200 Operating Taxes (Total)	117,240	117,240
7310 Dividend Income	-	-
7320 Interest Income	15,176	15,176
7330 Income from Sinking and Other Funds	-	-
7340 Allowance for Funds Used During Construction	-	-
7350 Gains/Losses from the Disposition of Certain Property	-	-
7360 Other Nonoperating Income	15	15
7370 Special Charges	(235)	(235)
7300 Nonoperating (Income) and Expense	14,956	14,956
7410 Nonoperating Investment Tax Credits-Net	-	-
7420 Nonoperating Federal Income Taxes	58,253	58,253
7430 Nonoperating State and Local Income Taxes	13,690	13,690
7440 Nonoperating Other Taxes	-	-
7450 Provision for Deferred Nonoperating Income Taxes-Net	(614)	(614)
7400 Nonoperating Taxes	71,329	71,329
7510 Interest on Funded Debt	-	-
7520 Interest Expense-Capital Leases	-	-
7530 Amortization of Debt Issuance Expense	-	-
7540 Other Interested Deductions	7	7
7500 Interest and Related Items	7	7
7610 Extraordinary Income Credits	-	-
7620 Extraordinary Income Charges	-	-
7630 Current Income Tax Effect of Extraordinary Items-Net	-	-
7640 Provision for Deferred Income Tax Effect of Extraordinary Items-Net	-	-
7600 Extraordinary Items	-	-
7910 Income Effect of Jurisdictional Ratemaking Differences-Net	-	-
7990 Nonregulated Net Income (Exp)	163,635	163,635
AMOUNT TRANSFERRED TO RETAINED EARNINGS	260,209	260,209

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

OPERATING REVENUES

Item	Total Company	Idaho Only
Local Network Services Revenues		
5001 Basic Area Revenue	341,044	341,044
5002 Optional Extended Area Revenue	13	13
5003 Cellular Mobile Revenue	0	0
5004 Other Mobile Services Revenue	24,272	24,272
5010 Public Telephone Revenue	0	0
5040 Local Private Line Revenue	12,659	12,659
5050 Customer Premises Revenue	0	0
5060 Other Local Exchange Revenue	58,193	58,193
5069 Other Local Exchange Settlements	0	0
Network Access Services Revenues		
5081 End User Revenue (SLC)	142,700	142,700
5082 Switched Access Revenue (Interstate)	289,671	289,671
5083 Special Access Revenue	142,449	142,449
5084 State Access Revenue (Intrastate)	342,151	342,151
Long Distance Network Services Revenues		
5100 Long Distance Message Revenue - All	0	0
Miscellaneous Revenues		
5230 Directory Revenue	9,778	9,778
5240 Rent Revenue	127	127
5250 Corporate Operations Revenue	0	0
5261 Special Billing Arrangements Revenue	0	0
5262 Customer Operations Revenue	0	0
5263 Plant Operations Revenue	0	0
5264 Other Incidental Regulated Revenue	5,653	5,653
5269 Other Revenue Settlements	0	0
5270 Carrier Billing & Collection Revenue	74,170	74,170
Uncollectible Revenues		
5301 Uncollectible Revenue - Telecommunications	1,181	1,181
5302 Uncollectible Revenue - Other	17	17
TOTAL OPERATING REVENUES	1,444,078	1,444,078

Please identify the following revenues:

NECA USF	1,818	To what account were they booked?	5082 Switched Access Revenue (Interstate)
State USF	0	To what account were they booked?	5084 Switched Access Revenue (Intrastate)

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

OPERATING EXPENSES

Item	Total Company	Idaho Only
Plant Specific Operations Expense		
6110 Network Support Expenses	-	-
6112 Motor Vehicle Expense	(2,175)	(2,175)
6113 Aircraft Expense	-	-
6114 Special Purpose Vehicles Expense	2,966	2,966
6115 Garage Work Equipment Expense	-	-
6116 Other Work Equipment Expense	-	-
6120 General Support Expenses	-	-
6121 Land and Building Expenses	78,103	78,103
6122 Furniture and Artworks Expense	-	-
6123 Office Equipment Expense	-	-
6124 General Purpose Computers Expense	-	-
6210 Central Office Switching Expenses	-	-
6211 Analog Electronic Expense	-	-
6212 Digital Electronic Expense	36,587	36,587
6215 Electro-Mechanical Expense	-	-
6220 Operators System Expense	-	-
6230 Central Office Transmission Expenses	-	-
6231 Radio Systems Expense	-	-
6232 Circuit Equipment Expense	47,850	47,850
6310 Information Origination/Termination Expense	-	-
6311 Station Apparatus Expense	-	-
6341 Large Private Branch Exchange Expense	-	-
6351 Public Telephone Terminal Equipment Expense	-	-
6362 Other Terminal Equipment Expense	-	-
6410 Cable and Wire Facilities Expenses	-	-
6411 Pole Expense	4,071	4,071
6421 Aerial Cable Expense	20,249	20,249
6422 Underground Cable Expense	-	-
6423 Buried Cable Expense	102,047	102,047
6424 Submarine Cable Expense	-	-
6425 Deep Sea Cable Expense	-	-
6426 Intrabuilding Network Cable Expense	-	-
6431 Aerial Wire Expense	-	-
6441 Conduit Systems Expense	-	-
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	289,698	289,698

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

OPERATING EXPENSES

Item	Total Company	Idaho Only
Plant Nonspecific Operations Expense		
6510 Other Property/Plant/Equipment Expenses	0	0
6511 Property Held for Future Telecomm. Use Expenses	0	0
6512 Provisioning Expense	0	0
6530 Network Operations Expense	0	0
6531 Power Expense	22,040	22,040
6532 Network Administration Expense	63,600	63,600
6533 Testing Expense	24,525	24,525
6534 Plant Operations Administration Expense	9,943	9,943
6535 Engineering Expense	13,103	13,103
6540 Access Expense	24,665	24,665
6560 Depreciation and Amortization Expenses	0	0
6561 Depreciation Expense-Telecom. Plant in Service	302,106	302,106
6562 Depreciation Expense-Property Held for Future Use	0	0
6563 Amortization Expense - Tangible	0	0
6564 Amortization Expense - Intangible	16,914	16,914
6565 Amortization Expense - Other	1,084	1,084
Total Plant Nonspecific Operations Expenses	477,980	477,980
Customer Operations Expense		
6610 Marketing	0	0
6611 Product Management	7,172	7,172
6612 Sales	63,237	63,237
6613 Product Advertising	18,088	18,088
6620 Services	0	0
6621 Call Completion Services	147	147
6622 Number Services	5,674	5,674
6623 Customer Services	78,004	78,004
Total Customer Operations Expense	172,322	172,322
Corporate Operations Expense		
6710 Executive and Planning	0	0
6711 Executive	42,016	42,016
6712 Planning	3,564	3,564
6720 General and Administrative	0	0
6721 Accounting and Finance	61,175	61,175
6722 External Relations	45,823	45,823
6723 Human Resources	22,865	22,865
6724 Information Management	54,475	54,475
6725 Legal	6,052	6,052
6726 Procurement	2,980	2,980
6727 Research and Development	0	0
6728 Other General and Administrative	10,515	10,515
6790 Provision for Uncollectible Notes Receivable	0	0
Total Corporate Operations Expense	249,465	249,465
TOTAL OPERATING EXPENSES (EXCLUDE OPERATING TAXES & Acct. 711,713,715,716.	1,189,465	1,189,465

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

CENTRAL OFFICE DATA
as of December 31, 2011 (unless otherwise indicated)

Name of Central Office: **Kendrick**

Prefix (es): 289

Central Office Switch Type: EWSD

Check all that apply:

Stand Alone _____
Host X
Remote _____

Check one:

Digital X
Analog _____

Check one:

Electronic X
Electro-Mechanical _____
Other: _____

Access Line Capacity

Design: 3,840

Installed/Equipped: 1,280 Wired/576 Equipped

Access Lines in Use

Customer Lines: 626

(Include Centrex, PAL, Semi-Pub.)

Public Telephone Lines 0

Company Official Lines 13

Company Test Lines 16

Classification of Customer Access

	Residence			Subtotal Residence	Centrex N.A.R.	Business			Subtotal Business	Total Residence & Business
	Multi- Line 1-Party	Single Line 1-Party	Multi- Party			Multi- Line 1-Party	Single Line 1-Party	Multi- Party		
Beginning of Year		448	-	448	22	167	21	-	210	658
New Connects				-					-	-
Disconnects		(9)		(9)		(21)	(2)		(23)	(32)
End of Year		439	-	439	22	146	19	-	187	626

Foreign Exchange:

Dial Tone from this C.O.: 0
Dial Tone from another C.O.: 0

Directory Listings:

Number of Customers with Nonpublished or Nonlisted: 31

Custom Calling:

Number of customers with at least one feature: _____
Total number of features subscribed to: _____

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

CENTRAL OFFICE DATA
as of December 31, 2011 (unless otherwise indicated)

Name of Central Office: **Julietta**

Prefix (es): 276

Central Office Switch

Type: EWSD

Check all that apply:

Stand Alone _____

Host _____

Remote X

Check one:

Digital X

Analog _____

Check one:

Electronic X

Electro-Mechanical _____

Other: _____

Access Line Capacity

Design: 3,840

Installed/Equipped: 1,280 Wired/448 Equipped

Access Lines in Use

Customer Lines: 444

(Include Centrex, PAL, Semi-Pub.)

Public Telephone Lines _____

Company Official Lines 1

Company Test Lines 4

Classification of Customer Access

	Residence				Centrex N.A.R.	Business			Subtotal Business	Total Residence & Business
	Multi- Line 1-Party	Single Line		Subtotal Residence		Multi- Line 1-Party	Single Line			
		1-Party	Multi- Party			1-Party	Multi- Party			
Beginning of Year		385	-	385	11	36	16	63	448	
New Connects				-				0	0	
Disconnects		(3)		(3)		(1)		(1)	(4)	
End of Year	-	382	-	382	11	35	16	62	444	

Foreign Exchange:

Dial Tone from this C.O.: 0

Dial Tone from another C.O.: 0

Directory Listings:

Number of Customers with Nonpublished or Nonlisted: 46

Custom Calling:

Number of customers with at least one feature: _____

Total number of features subscribed to: _____

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

CENTRAL OFFICE DATA
as of December 31, 2011 (unless otherwise indicated)

Name of Central Office: Troy
Prefix (es): 835 _____

Central Office Switch Type: EWSD

Check all that apply:

Stand Alone _____
Host _____
Remote X _____

Check one:

Digital X _____
Analog _____

Check one:

Electronic X _____
Electro-Mechanical _____
Other: _____

Access Line Capacity

Design: 3,800 _____

Installed/Equipped: 1,876 Wired/955 Equipped

Access Lines in Use

Customer Lines: 702
(Include Centrex, PAL, Semi-Pub.)

Public Telephone Lines _____
Company Official Lines 11
Company Test Lines 4

Classification of Customer Access

	Residence				Centrex N.A.R.	Business			Total Residence & Business	
	Multi- Line 1-Party	Single Line 1-Party	Multi- Party	Subtotal Residence		Multi- Line 1-Party	Single Line 1-Party	Multi- Party		Subtotal Business
Beginning of Year		586	-	586	-	81	38	-	119	705
New Connects				0		2			2	2
Disconnects				0			(5)		(5)	(5)
End of Year	-	586	-	586	-	83	33	-	116	702

Foreign Exchange:

Dial Tone from this C.O.: 0
Dial Tone from another C.O.: 0

Directory Listings:

Number of Customers with Nonpublished or Nonlisted: 46

Custom Calling:

Number of customers with at least one feature: _____
Total number of features subscribed to: _____

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING 2011

Local Exchange	Average # of Customer Lines in Use	Local Calls		Toll Calls Originated (Total of all Carriers)			Avg./ Line
		Number (1000s) *	Avg./ Line	Intrastate	Interstate	Total	
1 Kendrick	642	NA	NA	222,106	93,622	315,728	492
2 Julietta	446	NA	NA	105,324	47,086	152,410	342
3 Troy	704	NA	NA	132,260	99,391	231,651	329

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

CUSTOMER RELATIONS RULES COMPLIANCE

Rule IDAPA 31.21.01.603
Rule IDAPA 31.41.01.105

Please provide copies of:

Summary of Customer Relations Rules for Telephone Corporations

Idaho Telephone Solicitation Act Notification

Method of Notification:

Mailed separately to customers Yes _____ No X _____

Included in directory Yes X _____ No _____

Date of notification **November 1, 2011**

Alternate method of notification

Rule IDAPA 31.41.01.403.02

Record of Complaints:

Number received by Company 3

Category of complaints (if known):

Deposit Disputes N/A

Charges on Bill 1

Denial/Termination N/A

Quality or Availability
of Service 1

Carrier Selection/Assignment _____

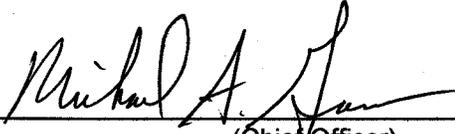
Miscellaneous 1

POTLATCH ANNUAL REPORT FOR SMALL TELEPHONE COMPANIES
FOR YEAR ENDED DECEMBER 31, 2011

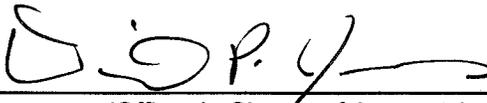
CERTIFICATE

State of Idaho)
) ss
County of Latah)

WE, the undersigned Mike A. Gasser and David P. Jones of the Potlatch Telephone Company on our oath do severally say that the foregoing return has been prepared under our direction, from the original books, papers, and records of said utility; that we have carefully examined same, and declare the same to be a correct statement of the business affairs of said utility for the period covered by the return in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief.

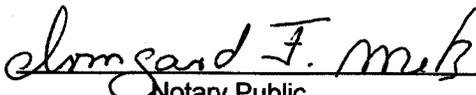


(Chief Officer)



(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me this 20th day of MARCH, (Year) 2012.



Notary Public

My Commission expires 2/15/2015, (Year) _____.